

Message Text

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ACTION EA-10

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TAGS: EMIN, EINV, TH

SUBJ: CANCELLATION OF TIN MINING CONCESSION

REF: A-284 OF 10-18-74

1. P.J.L. LYONS, MANAGING DIRECTOR, AND GRAHAM NELSON, VICE CHAIRMAN OF UNION CARBIDE'S TIN MINING AFFILIATE IN THAILAND CALLED ON THE AMBASSADOR ON NOVEMBER 25 TO DISCUSS THE ANNOUNCEMENT OF SUSPENSION OF THE EMCO MINING CO. MINING CONCESSION. ACCORDING TO PRESS REPORTS ON NOVEMBER 22 THE MINISTRY OF INDUSTRY SUSPENDED THE CONCESSION ON THE GROUNDS THAT THE COMPANY HAD NOT FULFILLED ITS TERMS SINCE NO MINING HAD BEEN CONDUCTED IN FIVE YEARS. THERE WERE ALSO REPORTED CHARGES THAT BRIBERY WAS INVOLVED IN THE GRANTING OF THE ORIGINAL CONCESSION.

2. LYONS AND NELSON SAID THAT THE COMPANY HAD NOT YET BEEN OFFICIALLY NOTIFIED OF THE TERMINATION OF THE EMCO CONCESSION. DIRECTOR GENERAL OF MINERAL RESOURCES DEPT HAD CONFIRMED TO THEM THAT FORMAL NOTIFICATION WOULD BE FORTHCOMING, BUT HE WAS UNABLE INFORM THEM OF THE GROUNDS FOR TERMINATION. THE COMPANY'S LAWYERS HAVE ADVISED OFFICIALS TO KEEP A LOW PROFILE UNTIL LEGAL POSITION CAN BE ESTABLISHED AND THE PARENT COMPANY DECIDES WHAT ACTION TO TAKE. CARBIDE WANTS

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TO KEEP THE CONCESSION, SINCE IT HAS EXCELLENT POTENTIAL.

MOST OF THE ORE IS IN VERY DEEP WATER AND THE COMPANY DOES NOT HAVE ANY DREDGE CAPABLE OF OPERATING THERE. IT DID PLAN TO HAVE A NEW DREDGE BUILT AND HAD ALREADY APPLIED FOR BOARD OF INVESTMENT PRIVILEGES.

3. THE COMPANY OFFICIALS CONTENDED THAT THEIR CONCESSION DID NOT SPECIFY A TIME BY WHICH MINING OPERATIONS HAD TO BE COMMENCED. THIS MATTER HOWEVER, IS SOMEWHAT CLOUDY SINCE THE CONCESSION WAS TAKEN OVER FROM ANOTHER COMPANY, EASTERN MINING DEVELOPMENT CO., WHOLLY THAI-OWNED, THE TERMS OF WHOSE CONCESSION DID HAVE A TIME LIMIT BY WHICH MINING HAD TO BE CARRIED OUT. THE UNION CARBIDE OFFICIALS DID NOT DENY THAT THE PREVIOUS THAI PARTNER MAY HAVE BRIBED GOVERNMENT OFFICIALS BUT MAINTAIN THAT CARBIDE ITSELF HAD NEVER DONE SO.

4. EMCO MINING IS ONE OF TWO ADJACENT CONCESSIONS OWNED 50-50 BY CARBIDE AND N.V. BILLITON, A DUTCH COMPANY. THE OTHER CONCESSION, TEMCO (THAI EXPLORATION & MINING) IS ACTIVELY BEING WORKED, UNLIKE THE EMCO MINING CO. CONCESSION. BILLITON BOUGHT OUT THE INTEREST OF EASTERN MINING DEVELOPMENT IN BOTH TEMCO AND EMCO MINING AT THE SAME TIME (NOVEMBER 1970).

5. THERE HAVE BEEN CALLS FOR THE CANCELLATION OF THE TEMCO CONCESSION WHICH HAS BEEN PLAGUED BY TIN POACHERS. IN LATE OCTOBER ACCORDING TO A REPORT FROM AMERICAN CONSUL SONGKHLA, 1500 VILLAGERS MASSED BEFORE TEMCO'S OFFICES IN SOUTH THAILAND AND THREATENED TO BURN THE OFFICE DOWN UNLESS THEY WERE PERMITTED TO DIVE FOR TIN OFF-SHORE. EARLIER THIS MONTH ILLEGAL MINERS SEIZED AND THREATENED TO BLOW UP TEMCO'S DREDGE. RESPONDING TO THE LOCAL PRESSURE THE GOVERNOR OF THANG NGA, THAWAT MOKKRAPHONG, CALLED FOR THE CANCELLATION OF THE TEMCO CONCESSION AND THE GRANTING OF PROSPECTING RIGHTS TO THAI CITIZENS IN THE AREA. TEMCO OFFICIALS WERE QUITE CRITICAL OF WHAT THEY CONSIDER THAWAT'S DEMAGOGY.

6. THE AMBASSADOR TOLD LYONS AND NELSON THAT THEY SHOULD KEEP HIM INFORMED OF DEVELOPMENTS AND THAT THE EMBASSY LIMITED OFFICIAL USE

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WOULD CONSIDER MAKING APPROPRIATE REPRESENTATIONS TO THE THAI GOVERNMENT AFTER COMPANY HAS ESTABLISHED ITS LEGAL POSITION. UNION CARBIDE OFFICIALS AGREED THIS WAS THE PROPER APPROACH.
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